



# ALFRED DUMA LOCAL MUNICIPALITY

## OFFICE OF THE MUNICIPAL MANAGER

Incorporating Mayoral Office, Internal Audit and Risk, PMS, IDP, IGR and Research

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4 April 2017

### EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON THURSDAY, 30 MARCH 2017 AT THE TOWN HALL, AT 15:00

“LC24/03/2017

#### 2017/2018 DRAFT MEDIUM-TERM BUDGET FOR KZN 238 (ALFRED DUMA LOCAL MUNICIPALITY)

That the Draft Operating Budget and Capital Budget, together with the Budget-Related Policies for the 2017/18 financial year be adopted and taken through the consultation process, taking cognisance of the affordability, sustainability and the macro allowance of National Treasury, noting that the draft 2017/2018 Medium Term Budget is being **analysed as follows:**

1. BUDGETED REVENUE – R 846.2 MILLION
  - 1.1 The total rates income amounts to R 171.7 million which is based on an increase in the rates tariff of 10% due to the new general valuation roll.
  - 1.2 A tariff increase of 6 % on Refuse has been applied in the 2017/18 financial year, and amounts to R 23.2 million.
  - 1.3 The Local Government Equitable Share, received from Central Government, in the amount of R 190.2 million has been budgeted for, as per the DORA allocation for the 2017/2018 financial year.
  - 1.4 Traffic and Licensing income amounts to R 15.8 million.
  - 1.5 The Electricity tariff is subject to an overall increase of 1.88% for domestic consumers which is in line with the NERSA guideline, noting that these tariffs were subject to approval by NERSA and amounts to R 310.4 million. For Bulk Consumers, an increase of 0.31% has been proposed for implementation.
  - 1.6 An Electricity Availability charge on vacant land was budgeted at R2.1 million.
  - 1.7 Grant Income

The following operating grants are included in the Budget:

Museum Subsidy	R 183 000
Recapitalisation of the Libraries	R 776 000
Provincialisation of Libraries	R 4 198 000
Financial Management Grant	R 3 600 000
Expanded Public Works Programme	R 3 347 000
Operational Cost – Accredited Municipality	R 3 959 000

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Demarcation Transition Grant	R 4 566 000
Development Planning and Shared Services	R 1 100 000
Schemes Support Programme	R 1 000 000

**Total**

**R22 729 000**

- 1.8 Other revenue in the amount of R 11.9 million includes R1.2 million for rental income and rates penalties of R 5.6 million. It also includes the income generated from the minor tariffs e.g. hall hire, fire brigade services, photocopies, burial fees etc.
- 1.9 Interest income – An amount of R 17.8 million has been allocated. This income is derived from raising of interest on the service accounts and the interest to be derived from investments. The interest rates on arrear accounts not yet handed over will be charged at 10.25% p.a. in accordance with the National Credit Act, in respect of arrear accounts arising after 31 July 2014. Arrear accounts arising before 1 August 2014 will continue to be charged at an interest rate of 9% p.a.
- 1.10 Lease of Land - This is the income derived from Messrs Afrisam for the use of the quarry. An amount of R480 thousand has been allocated.
- 1.11 Sundries - These are fees that are payable for the purchase of bid documents, rates clearance certificates, ploughing fees, and lost book fees. An amount of R812 thousand has been allocated.
- 1.12 Credit Control Income – These funds are derived from the collection of arrears by the Credit Control unit. An amount of R 705 thousand is expected to be collected.
- 1.13 Refund Skills Development Levy - This is the refund that is claimed from SETA for the training that is provided to municipal staff members. An amount of R 409 thousand is expected to be claimed.
- 1.14 Third Party Vending - There is an amount of R 61 thousand that has been estimated, noting that the cost is charged to all consumers using any of the third party vendors to pay their respective municipal accounts.
- 1.15 Capital Grants - This includes the following:
- |              |                        |
|--------------|------------------------|
| MIG          | R 62.7 m               |
| INEP         | R 15.0 m               |
| <b>Total</b> | <b><u>R 77.7 m</u></b> |

**2. BUDGETED EXPENDITURE: R747.8 MILLION (EXCLUDING UNFUNDED DEPRECIATION)**

- 2.1 Salaries and Allowances – R249.1 million
- 2.1.1 The R 208.6 million reflects the cost to Council packages of all existing staff and budgeted staff vacancies.
- 2.1.2 An increase of 7 % has been provided for in terms of the Bargaining Council agreement – R 14.1 million for municipal employees.
- 2.1.3 An amount of R 4.2 million has been budgeted for Overtime and R 3.4 million has been budgeted for Standby.
- 2.1.4 An amount of R 21.7 million is allocated for the Expanded Public Works Program. The Grant funding is R3 million and Council funding is R18.7 million.

- 2.1.5 An amount of R800 thousand is budgeted for Finance interns and it is funded by the FMG Grant.
- 2.1.6 An amount of R776 thousand is budget for Cyber Cadet and it is funded by the Recapitalisation of Library Grant.
- 2.1.7 R3.2 million has been allocated for Employees Bonus Provision.
- 2.1.8 R 865 thousand has been allocated for the performance bonuses of section 57 employees.
- 2.1.9 Councillor Allowances Existing – R 24.3 million.
- 2.1.10 A 7% increase of R 807 thousand has been budgeted for Councillor Allowances. However, the actual final percentage increase is normally finalized in December for Councillors Allowances. Traditional Leaders Allowance has been budgeted for at R87 thousand.
- 2.1.11 Total Salaries and Allowances, for employees and Councillors totalling R249.1 million amounts to 33% of the total projected expenditure (excluding unfunded depreciation). It should further be noted that R 35.9 million will be used for direct labour costs charged out to repairs and maintenance and capital projects that may require in-house labour. Due to the current cash flow constraints and low cost coverage ratio, no new permanent posts have been budgeted for including the conversion of job creation workers to permanent employment.
- 2.2 General Expenses – R 348.3 million which includes the following:
  - 2.2.1 Free Basic Electricity of R 8.2 million and Free Basic Refuse of R 3.6 million have been set aside to fund indigent consumers who receive the 50kWh free electricity and the refuse removal service free of charge.
  - 2.2.2 R 4.9 million has been budgeted for Rates Indigency by application.
  - 2.2.3 The projected increase for Electricity purchases was based on 0.31%, which is subject to NERSA's approval, which will amount to an estimated amount of R204.1 million.
  - 2.2.4 Land Use Management System - The allocation of R181 thousand has been catered for the development of the LUMS plan.
  - 2.2.5 R5 million has been provided for the Planning Study for the new property development.
  - 2.2.6 R700 thousand has been provided for emergency relief.
  - 2.2.7 Youth Programmes – These are Mayoral projects and includes the programme of Youth Development, Youth Advisory Centre, Youth Month and Youth Mass Skilling. R 2.4 million has been allocated.
  - 2.2.8 Training - These funds are used by employees to attend training workshops, as well as to enrol at tertiary institutions to further their education for which an amount of R 2.3 million has been allocated. This amount also includes funds for capacity building of Councillors.
  - 2.2.9 Postage Services - This amount includes the bulk postage of municipal accounts, as well as the individual postage costs incurred by the departments for which an amount of R 1.1 million has been allocated.
  - 2.2.10 R 143 thousand has been allocated for funeral assistance which is used for the burial of people who cannot afford having a funeral.

- 2.2.11 Audit Fees - An amount of R 5.6 million has been allocated for the payment of audit fees charged by the Auditor General.
- 2.2.12 Legal expenses for the Municipality has a budget of R 884 thousand. These funds are used by the legal section in the implementation of the legal process for the collection of arrear debt, as well as legal expenses that may arise from defending lawsuits should any occur.
- 2.2.13 Financial Systems update has a budget of R 2.5 million which will be used by the Finance Department for systems support and updates.
- 2.2.14 An amount of R 5.5 million has been allocated for the functioning of the ward committees which will be used by the Public Participation unit for the payment of the remuneration packages and training of the ward committee members.
- 2.2.15 R 700 thousand has been budgeted for the provision of free basic alternate energy to be utilised by the Electricity Department.
- 2.2.16 SARS Skills Development Levy - An amount of R 2.2 million has been budgeted to be paid to SARS for the development of skills, noting that these funds can be claimed from the SETA when the municipality incurs training costs.
- 2.2.17 R7.3 million has been budgeted for transport costs (fuel and oil, licensing) to run the vehicles within all the departments.
- 2.2.18 Conference and Delegations – An amount of R2.2 million has been allocated which funds are being used by the municipality for the attendance of conferences, workshops and seminars which includes accommodation and travelling costs.
- 2.2.19 Telephone and Fax – An amount of R4.5 million has been allocated to fund the payment of Telkom and cellular phones accounts.
- 2.2.20 Electricity – An amount of R6.2 million has been allocated for the payment of the municipality's electricity accounts.
- 2.2.21 R310 thousand has been allocated for the reconnections and disconnections to be carried out by the Electricity Department.
- 2.2.22 Insurance – An amount of R 2.2 million has been budgeted for insurance.
- 2.2.23 Printing and Stationery – An amount of R 2.4 million has been allocated which is used for the photocopy machine rentals and printing costs.
- 2.2.24 Sports Activities – An amount of R 1.5 million has been allocated and includes Sports and Recreation, SALGA Games and Sports Events.
- 2.2.25 Events – An amount of R 5.1 million has been allocated for this item which is used to fund the costs of catering and entertainment for the functions that are arranged by the Office of the Mayor.
- 2.2.26 Self-Insurance Fund – An allocation of R 1.3 million has been made for the payment of repairs to municipal assets, noting that the purpose of the fund is to reduce the insurance premium that is paid by the municipality.
- 2.2.27 An amount of R1.8 million has been allocated for the payment of Workman's Compensation, which is a legislative requirement.



#### 2.2.28 Grant Expenditure

The following grants are included in the Budget:

Museum Subsidy	R 129 500
Provincialisation of Libraries	R 2 058 000
Financial Management Grant	R 2 800 000
Operational Cost – Accredited Municipality	R 3 959 000
Expanded Public Works Programme	R 347 000
Demarcation Transition Grant	R 4 566 000
Development Planning and Shared Services	R 1 100 000
Schemes Support Programme	R 1 000 000
<b>Total</b>	<b><u>R15 959 500</u></b>

The Expanded Public Works Programme budget of R3 000 000 has been shifted to salaries. For the Financial Management Grant, R800 000 for the Finance interns has also been shifted to salaries. The Provincialisation of Libraries of R2 140 000 for Library employees and the Recapitalisation of the Library Grant of R776 000 for Cyber Cadets has been shifted to salaries. The Museum subsidy of R53 500 has also been shifted to salaries to pay for weekend overtime and standby.

- 2.2.29 Development Plans and Local Economic Development - An amount of R 544 thousand has been allocated for the purpose of various studies such as services provision, feasibility studies, NPA sites and development of local economic.
- 2.2.30 Water - An amount of R 2.3 million has been allocated for the payment of water bills to the UThukela District Municipality, noting that the invoices received from the District are highly erratic. Although the average actual expenditure has been used to project the increase, the expenditure is inconsistent from month-to-month.
- 2.2.31 Streetlights – An amount of R 5.7 million has been allocated for the payment of the electricity accounts for streetlights in the municipal area.
- 2.2.32 Security Services – An amount of R 6.5 million has been allocated for this function.
- 2.2.33 Protective Clothing - An amount of R 2.3 million has been allocated which is for the purchase of protective clothing for the job creation, as well as for permanent staff members.
- 2.2.34 Capital ex Revenue – An amount of R 1.9 million has been allocated for the purchase of minor capital items e.g. furniture and small plant that is not included in the capital budget.
- 2.2.35 Consultants – An amount of R 5.3 million has been allocated for the use of consultants which includes Asset management, Source Funding for Economic Development, Infrastructure and Services.
- 2.2.36 ID Book Campaign – An amount of R50 thousand has been allocated for this function.
- 2.2.37 Klipriver Maintenance - There is an allocation of R 200 thousand for the maintenance of the foliage along the river, as well as to dredge the riverbed.
- 2.2.38 Other General Expenses – Comprises of the amount of R23 million which inter alia includes in this category of expenditure the ad-hoc items e.g. AIDS awareness programmes, material and sundries, etc. as well as:
- Bank Charges – R1.6 million.
  - Publicity – R650 thousand for branding, advertising and marketing of the municipal corporate image, printing of the Municipal newsletter.

- Advertising – R843 thousand for all adverts to national and local newspapers
- R160 thousand for the Survey costs and registrations for appointment of a professional land surveyor.
- R2.4 million for Subscriptions and membership fees.

2.3 Repairs and Maintenance – R 68.4 million which includes the following:

- 2.3.1 R1.4 million has been allocated for the payment of the license fee and modifications to the financial system as well as the purchase of the operating systems e.g. the Windows programme for new computers.
- 2.3.2 R 15.9 million has been allocated for roads – tarred and earth.
- 2.3.3 R 6.8 million has been allocated for storm water maintenance.
- 2.3.4 R 794 thousand has been allocated for the levelling of the landfill site.
- 2.3.5 R 988 thousand has been allocated for the surveillance cameras.
- 2.3.6 R 3.7 million has been allocated for the maintenance of the electricity network.
- 2.3.7 R4.1 million has been set aside for Electricity Refurbishment.
- 2.3.8 R 2.1 million has been allocated for the substation equipment and building maintenance.
- 2.3.9 R 2.3 million has been allocated for the maintenance of the streetlights, noting that many of the streetlights are old and the parts are obsolete and require full replacement of the heads in these instances.
- 2.3.10 R 2.7 million has been allocated for the purchase of new electricity meters, as well as the costing of the meter readers, the checking of readings and purchase of equipment for installation.
- 2.3.11 House Service Overhead Mains – An amount of R 3.2 million has been allocated to be used for the maintenance of lines to households.
- 2.3.12 Buildings – An amount of R 781 thousand has been allocated to be used for maintenance to municipal buildings.
- 2.3.13 Hardware – An amount of R 106 thousand has been allocated to be used for the maintenance of computer hardware.
- 2.3.14 Low Water Crossings- An amount of R 352 thousand has been allocated.
- 2.3.15 Job Creation Charge Out – An amount of R12.3 million has been budgeted for charge outs to repairs and maintenance in respect of Job Creation workers that execute the repairs and maintenance duties.
- 2.3.16 Transport – An amount of R7.7 million has been budgeted for repairs and maintenance of vehicles within all departments.
- 2.3.17 Other Repairs and Maintenance - The balance of R 3.2 million constitutes repairs to furniture, office equipment, cell phones, buildings, plant, street marking, and hydrants and metering. R

470 thousand is allocated for repairs and maintenance of sports infrastructure and R988 thousand is also allocated for surveillance cameras.

#### 2.4 Departmental Charges – R56.1 million:

These are internal charges and are recovered via the charge-out rate. The net effect of these internal charges against the charge-out rate is R nil.

Departmental Charges	R56.1 million	
Total Charge outs		(R56.1 million)

#### 2.5 Capital Charges – R26.5 million which includes the following:

Depreciation		R 24.1 million
Existing External Loans	R 493 thousand	
Impairment of Assets		R 1.9 million

Depreciation charges are a GRAP 17 requirement. The total depreciation charges are estimated at R 80.8 million.

The depreciation on all assets that existed until June 2017 have been accounted for in the amount of R 80 780 713.

To fund the total estimated depreciation of R 80.8 million will result in tariffs being very high and unaffordable to the consumers. National Treasury recognises this in MFMA Circular 42 – funding a municipal budget. A phased increase or re-alignment in tariffs may need to be considered to compensate the deficit to a surplus by a progressive move through gradual tariff increases or the re-alignment of municipal revenue.

The community needs to make a sufficient contribution towards the economic benefit that is generated from the assets over the medium term budget period.

Currently, the municipality has opted to fund R 24.1 million of the total depreciation expense.

#### 2.6 Loan Repayments

The municipality currently has two loans to service for the Tsakane Substations with ABSA Bank and the other is with the Development Bank of South African (DBSA). The budgeted figure of R493 thousand is provided.

#### 2.7 Impairment of Assets

This relates to asset impairment in terms of GRAP 17. The budgeted figure of R 1.9 million has been provided.

#### 2.8 Contributions - R 55.4 million which includes the following:

Bad Debt Reserve		R 37.7 million
Leave Reserve	R 7.2 million	
Pensioner's Medical Aid	R 3.6 million	
Long Service Awards		R 3.2 million
Rates Reduction: Pensioners/ Disabled/ Medically Boarded Persons and Child Headed Households		R 3.8 million

The pensioner's medical aid is a post retirement benefit for ex-employees of the municipality.

A twenty five (25%) rates reduction for pensioners will be granted to any pensioner aged sixty (60) years and older on application if the pensioner's gross household income is R15 000 and less. This reduction must be applied for in the 2017/18 financial year.

A medically boarded person with a gross household income of R15 000 and less will receive a discount of fifteen (15%) on their rates assessment. This reduction must be applied for in the 2017/18 financial year.

Disabled persons with a gross household income of R15 000 and less will receive a discount of twenty five (25%) on their rates assessment. This reduction must be applied for in the 2017/18 financial year.

Child headed households with a gross household income of R15 000 and less will receive a discount of one hundred (100%) on their rates assessment. This reduction must be applied for in the 2017/18 financial year.

A discount of 5% will be granted to all owners of property except for State and PSI, who will pay their rates in advance in full by 31 August 2017.

### 3. CAPITAL BUDGET: 2017/2018

3.1 The Capital Budget of R87.7 million will be funded as follows:

- R 77.7 million from grant funding
- R 10.0 million from revenue funding.

3.2 The capital programme has been separated into eight clusters.

#### Identified Priority Projects:

• Street lighting in Blue Bank Ward 26	R 1.5 m	
• Tarred Roads in Wards 4 and 3		R15.7 m
• Street lighting in Wards 7 and 27		R 3.0 m
• Community Hall Ward 8	R 4.0 m	
• Burford Sports field Phase 2		R 2.0 m
• Electrification of Burford Phase 2		R 3.0 m
• Electrification of Pepworth Phase 2 Ward 14		R 6.8 m
• Electrification of Cremin Phase 2 Ward 24		R 2.1 m
• Street lighting in Ward 19		R 1.5 m
• Replacement of Municipal Fleet		R 10.0 m
• Ensongweni Road		R 8.0 m
• Zimba Gravel Road and Bridge		R 13.0 m
• KwaMnangeni Road		R 6.0 m
• KwaCilo to Tholeni River Road		R 8.0 m
• Electrification of Embanjeni (Rockdrift/Somshoek) Ward 31	R 3.1 m	
<b>TOTAL</b>	<b><u>R 87.7 m</u></b>	

- 3.3 That it be noted that the KZN238 Council's contribution for the 2017/2018 Capital budget was R10 million and due to the cash flow constraints of the Municipality, the Council funded portion has been reduced significantly to help improve the financial position of the Municipality. The Municipality has seen a downward trend in revenue collection due to the poor economic climate both locally and nationally. The actual cash position of the municipality would need to be monitored regularly to ensure that the municipality does not spend more than being available in the bank.
- 3.4 That it be noted that the Municipality, in its Integrated Development Plan, should focus on Revenue generating projects that would bring additional income to the Municipality.



- 3.5 That Council approves all projects that are Grant funded only and R10 million for the replacement of municipal fleet.

#### 4. BUDGET RELATED RESOLUTIONS

- 4.1. That the draft annual budget of the municipality for the financial year 2017/18; and indicative for the two projected outer years 2018/2019 and 2019/2020 be approved as set-out in the following schedules:

- 4.1.1. Table A1 Budget Summary.
- 4.1.2. Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification).
- 4.1.3. Table A3 Budgeted Financial Performance (revenue and expenditure by Municipal vote).
- 4.1.4. Table A4 Budgeted Financial Performance (revenue and expenditure).
- 4.1.5. Table A5 Budgeted Capital expenditure vote, standard classification and funding.
- 4.1.6. Table A6 Budgeted Financial Position.
- 4.1.7. Table A7 Budgeted Cash flows.
- 4.1.8. Table A8 Cash backed reserves / accumulated surplus reconciliation.
- 4.1.9. Table A9 Asset Management.
- 4.1.10. Table A 10 Basic service delivery measurement.

- 4.2 That the property rates reflected below and any other municipal tax reflected in **Annexure 1 - 'Tariff Policy'** and **Annexure 3 - 'Municipal Property Rates Policy'** be imposed for the budget year 2017/18.

That the property rates tariffs apply within the jurisdiction of the Alfred Duma Local Municipality in terms of the new general valuation roll of KZN238:

Category	Tariff	Exemption	Phasing In	Imper- m is si bl e p er p r o p er ty  R	Rebate
Residential	0.0121	No	No	100 000	No
Farms: Residential	0.0121	No	No	100 000	No
Smallholdings: Residential	0.0121	No	No	100 000	No
Commercial and Business	0.0216	No	No		No
Farms: Comm/Bus	0.0216	No	No		No
Industrial	0.0175	No	No		No
Farms: Agriculture	0.0030	No	No		No

Smallholdings: Agriculture	0.0030	No	No		No
Public Service Infrastruct ure	0.0000	Yes	No		No
Vacant Land	0.0303	No	No		No
Rural Communal	0.0000	Yes	No		No
Game Hunting and /or Eco Tourism	0.0216	No	No		No
Municipal Properties	0.0000	Yes	No		No
State (Public Service Purposes)	0.0228	No	No		No
Public Benefit Organisati ons	0.0000	No	Yes		No
Religious (Place of Public worship)	0.0000	No	Yes		No
Public Open Space	0.0000	No	Yes		No
Special Purposes	0.0000	No	Yes		No

- 4.3 That the refuse tariffs be increased by 6% with effect from 1 July 2017 in terms of chapter 4 of the Municipal Finance Management Act No 56 of 2003; the detailed tariffs being detailed in the **Tariff Policy as per Annexure 1** attached to the agenda.
- 4.4. That should it be necessary, a Municipal adjustments budget be prepared in accordance with Section 28 of the Municipal Finance Management Act No 56 of 2003.
- 4.5 That funds from the electricity surplus be applied to fund other municipal expenditure.
- 4.6 That interest of 10.25% per annum on arrear rates accounts not yet handed over be charged, in respect of arrear accounts arising after 31 July 2014 and interest of 9% per annum be charged on arrear accounts not yet handed over arising before 31 July 2014.
- 4.7 That interest on service charges would be levied at 10.25% per annum on arrear accounts not yet handed over in respect of arrear accounts arising after 31 July 2014; Interest on service charges arrear accounts arising before 31 July 2014 and not yet handed over would be continued to be levied at 9% per annum.
- 4.8 That interest of 9% be levied on handed over accounts for rates and services in respect of arrear accounts arising before 31 July 2014, and interest of 10.25% per annum would be levied in respect of handed over arrear accounts arising after 31 July 2014.
- 4.9 That tariffs and charges reflected in **Annexure 1 - 'Tariff Policy'** be approved for the 2017/18 budget year.
- 4.10 That the measurable performance objectives for revenue from each source and for each vote reflected in **Supporting Table SA7 be approved for the 2017/2018 budget year.**
- 4.11 That the draft Integrated Development Plan **subject to amendments resulting from the consultation and IDP assessment being adopted.**

- 4.12 That the budget-related policies as attached in Annexures 1 to 12 be adopted.
- 4.13 That the draft 2017/2018 SDBIP be adopted.
- 4.14 That Pensioners, 60 years of age or older and with a gross household income of R15 000 and less would receive a discount of 25% on their rates assessment; this rebate should be applied for during the 2017/2018 financial year.
- 4.15 That Medically Boarded persons with a gross household income of R15 000 and less would receive a discount of 15% on their rates assessment; this rebate should be applied for during the 2017/2018 financial year.
- 4.16 That Disabled persons with a gross household income of R15 000 and less would receive a discount of 20% on their rates assessment; this rebate should be applied for during the 2017/2018 financial year.
- 4.17 That Child headed households with a gross household income of R15 000 and less would receive a discount of one hundred percent (100%) on their rates assessment; this reduction should be applied for in the 2017/2018 financial year.
- 4.18 That Consumers excluding state and PSI be granted a 5% discount should the total rates bill be paid in full in advance by the last working day in August for the 2017/2018 budget year.
- 4.19 That the automatic indigency threshold be removed and indigents apply for indigency.
- 4.20 That the electricity tariffs be increased by 1.88% for domestic and commercial consumers and 0.31% for Bulk consumers. The tariffs further being subjected to the restructuring in line with the economical generation of income. The tariffs have been detailed in the **Tariff Policy** as per **Annexure 1**.
- 4.21 That the budget be submitted to the relevant Treasuries subject to the changes being adopted by Council.
- 4.22 That the capital programme funded from revenue be funded from accumulated surpluses, based on the availability of cash funds.
- 4.23 That the Implementation of the capital programme be subject to the availability of funds.
- 4.24 That the Executive Director Finance (CFO) increases the cash coverage ratio, noting the poor collection rate and high fixed costs in the municipality.
- 2.25 That the Executive Director Finance (CFO) monitors the salary ratio for the Alfred Duma Local Municipality.
- 2.26 That Councillors be workshopped in respect of the depreciation and replacement of assets.
- 2.27 That it be noted that the Director Finance provided clarity on the source of funding in respect of projects.

**SIGNED AT LADYSMITH ON 4 APRIL 2017**

  
**M.P. KHATHIDE**  
**MUNICIPAL MANAGER**